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REDACTED – FOR PUBLIC INSPECTION

June 5, 2017

Ms. Marlene H. Dortch
Secretary, Federal Communications Commission
445 12th Street S.W.
Washington, DC 20554

Re: Comprehensive Review of the Part 32 Uniform System of Accounts, WC Docket No. 14-130, CC Docket No. 80-286

Dear Ms. Dortch:

NCTA – The Internet & Television Association ("NCTA") hereby submits a redacted version of its Petition for Reconsideration in WC Docket No. 14-130. Pursuant to the Commission's Protective Order,[1] NCTA submitted one copy of the Confidential version of this filing to the Secretary's Office and will submitted two Confidential copies to Ms. Robin Cohn.

Respectfully submitted,

/s/ Paul Glist

Paul Glist

cc: Robin Cohn

[1] *Comprehensive Review of the Part 32 Uniform System of Accounts*, Protective Order, WC Docket 14-130 ¶¶ 4, 12 (Apr. 15, 2016).

REDACTED – FOR PUBLIC INSPECTION

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	WC Docket No. 14-130
Comprehensive Review of the	)	
Part 32 Uniform System of Accounts	)	
	)	CC Docket No. 80-286
Jurisdictional Separations and Referral to	)	
the Federal –State Joint Board	)	

PETITION FOR RECONSIDERATION

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EXECUTIVE SUMMARY

For more than 30 years, the Commission has advanced cable and broadband deployment and competition through its pole attachment rules. Its carefully constructed pole procedures and Part 32 accounting framework are a proven success in honoring crucial congressional directives to provide access to poles and to maintain a simple and expeditious process for assuring just and reasonable pole attachment rates. Publicly available reports of pole cost data consistently derived under clear accounting directives have provided the basis for negotiating and resolving pole attachment rate disputes without the need for Commission intervention in all but the most contentious cases. The approach is so successful that the majority of states that have certified to regulate pole attachments follow the same approach, and many directly incorporate Part 32 accounts.

Until this *Part 32 Order*, the Commission required carriers to continue reporting the discrete pole cost data required by Part 32 in each of its many decisions relaxing other carrier reporting requirements. As previously recognized by the Commission, "[w]ithout ongoing access to the data derived from Part 32 accounts, neither the Commission nor interested parties could ascertain or verify that pole attachment rates based on the Commission's rate formula reflect actual costs, or that these calculations produce just and reasonable rates in accordance with our rules."[1]

[1] *Petition of USTelecom for Forbearance Under 47 U.S.C. § 160(c) from Enforcement of Certain Legacy Telecommunications Regulations*, WC Docket Nos. 12-61 *et al.*, Memorandum Opinion and Order and Report and Order and Further Notice of Proposed Rulemaking and Second Further Notice of Proposed Rulemaking, 28 FCC Rcd 7628, 7657-60, ¶¶ 61-65 (2013) (*USTelecom Forbearance Order*).

As demonstrated in this Petition for Reconsideration, the *Part 32 Order* enabling carriers to opt out of Part 32 and rely exclusively upon GAAP fails to include the necessary procedural protections under which pole rents are policed. The *Part 32 Order* also fails to include necessary substantive protections. Contrary to assertions by the carriers, the *Part 32 Order* will not only affect the timing of recognizing costs for pole attachment rates, but will also raise rates beyond the levels addressed by the Implementation Rate Difference adopted in the *Part 32 Order*. An analysis based on the Commission's cable attachment rate formula and the confidential GAAP data submitted by carriers to calculate pole rents demonstrates that shifting from Part 32 to GAAP will inflate the original cost of poles; artificially add costs that already have been recovered through depreciation; increase pole maintenance, administration and other carrying charges; and double charge attachers for previously recovered pole costs. Without modification, the *Part 32 Order* will enable a carrier to reverse the trajectory of rates that have been properly declining to reflect how much the carriers have already recovered – in fact, over-recovered – of their pole costs.

To avoid this clearly unintended consequence, NCTA proposes some straightforward revisions to the regime adopted in the *Part 32 Order*. First, NCTA requests that the Commission adopt rules that ensure attachers have continued access – through existing pre-complaint discovery and public postings – to the information necessary to derive pole attachment rates using the Commission formula.

Second, the Commission should provide specific direction on reconsideration to ensure that the new regulatory regime "does not change *what* costs may be included in pole attachment

rates," and that "rates will remain steady over the long-run," as intended by the Commission.[2] The Commission should prohibit carriers from inflating pole costs under GAAP above their traditional "original cost;" prohibit carriers from charging again for costs of disposal that have already been recovered through depreciation charges; require carriers to track and report the much lower pole maintenance expenses rather than the aggregate maintenance expenses for other plant with which pole maintenance is commingled in GAAP; and require that those carriers that already have depreciated their pole costs to less than zero under Part 32 may no longer charge for capital investment, but only for pole expenses.

Without these changes, the Commission will have neither the record evidence for assuming, nor the tools for ensuring, that broadband providers will not experience substantial and unjustified pole rate increases. For these and other reasons, NCTA respectfully requests that its Petition be granted.

[2] *Comprehensive Review of the Part 32 Uniform System of Accounts*, WC Docket No. 14-130, CC Docket No. 80-286, Report and Order, 32 FCC Rcd 1735, 1747, ¶ 38 (2017) (*Part 32 Order*).

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PETITION FOR RECONSIDERATION

Pursuant to section 1.429 of the Commission's rules,[1] NCTA – The Internet & Television Association (NCTA) hereby petitions the Commission for reconsideration of certain aspects of the Report and Order that permits telephone carriers to opt-out of Part 32 accounting and follow Generally Accepted Accounting Principles (GAAP), in order to ensure that this accounting relief does not undermine the Commission's well-established and highly successful pole attachment rules and policies.[2] In particular, the Commission should (1) clarify that attaching parties will have access to all accounting information needed to verify the reasonableness of pole attachment rates; and (2) establish additional substantive protections to ensure that rates based on GAAP are consistent with the requirements of Section 224 and the assurances contained in the *Part 32 Order*.

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1 47 C.F.R. §1.429.

2 *Comprehensive Review of the Part 32 Uniform System of Accounts*, WC Docket No. 14-130, CC Docket No. 80-286, Report and Order, 32 FCC Rcd 1735 (2017) (*Part 32 Order*).

I. PRIOR TO THE CURRENT ORDER, THE COMMISSION'S POLE ATTACHMENT REGIME HAS BEEN AN UNQUESTIONABLE SUCCESS STORY FOR ALMOST FOUR DECADES

A. As Congress Envisioned in 1978, the Commission's Readily Administrable Pole Rate Formulas Enable Competitive Access to Essential Utility Infrastructure

As the Supreme Court has observed, cable companies have found it "convenient, and often essential to lease space for their cables on telephone and electric utility poles. Utilities, in turn, have found it convenient to charge monopoly rents."[3] The Commission itself recognized in the *Part 32 Order* that "[p]ole attachment rates play a significant role in the deployment and availability of voice, video and data networks."[4] The Commission repeatedly has recognized that just and reasonable rates for pole attachments are central to the deployment of affordable and robust communications networks.[5] Indeed, the Commission's recently initiated rulemaking proposes to further reduce pole attachment rates as part of its effort to remove barriers to infrastructure investment.[6]

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3 *National Cable & Telecomms. Ass'n v. Gulf Power Co*., 534 U.S. 327 (2002).

4 *Part 32 Order*, 32 FCC Rcd at 1746, ¶ 35 ("Pole attachment rates play a significant role in the deployment and availability of voice, video, and data networks, and sharp changes in pole attachment rates may distort infrastructure investment decisions and in turn could negatively affect the availability of advanced services and broadband, contrary to the policy goals of the Act.")

5 *Petition of USTelecom for Forbearance Pursuant to 47 U.S.C. § 160(c) from Enforcement of Obsolete ILEC Legacy Regulations That Inhibit Deployment of Next-Generation Networks*, WC Docket Nos. 14-192, 11-42, and 10-90, Memorandum Opinion and Order, 31 FCC Rcd 6157, 6170-71, ¶ 21 (2015) ("[T]he Commission has repeatedly recognized the importance of pole attachments to the deployment of all communications networks by ensuring just and reasonable rates.") (*citing Protecting & Promoting the Open Internet*, GN Docket No. 14-28, Report and Order on Remand, 30 FCC Rcd 5601, 5831, ¶ 478 (2015), *citing Implementation of Section 224 of the Act, A National Broadband Plan for Our Future*, WC Docket No. 07-245, GN Docket No. 09-51, Report and Order, 26 FCC Rcd 5240, 5241-43 ¶¶ 1-6 (2011) (*2011 Order*).

6 *Accelerating Broadband Deployment by Removing Barriers to Infrastructure Investment*, WC Docket No. 17-84, Notice of Proposed Rulemaking, Notice of Inquiry, and Request for Comment, FCC 17-37 at ¶ 40 (rel. Apr. 21, 2017) (*Wireline Infrastructure NPRM*) (proposing to completely exclude pole owners' capital costs from the pole attachment rate base).

Congress directed the Commission to establish pole attachment rate rules that were "simple and expeditious, necessitating a minimum of staff, paperwork and procedures consistent with fair and efficient regulations" to enable attaching parties to easily assess whether rates were being set at just and reasonable levels.[7] Consistent with this congressional instruction, the Commission designed a regulatory regime that uses public reports of consistently-derived cost information so that it is "readily administrable and consistent with the 'simple and expeditious' regulatory framework Congress intended."[8] For more than 30 years, these reports have been the basis for calculating pole attachment rates and resolving rate disputes without resorting to a formal complaint proceeding.

Furthermore, until this *Part 32 Order*, each time the Commission had considered streamlining carrier accounting requirements, it ensured that the cost information necessary to calculate pole attachment rates remained available to the Commission and attaching entities.[9] It

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[7] S. Rep. No. 95-580, at 21 (1977); *Adoption of Rules for the Regulation of Cable Television Pole Attachment*, FCC Docket No. 78-144, Second Report and Order, 72 FCC 2d 59, ¶ 26 (1979) ("As expressed in the legislative history of Section 224 of the Act: 'The committee is advised that the majority of cost and expense items attributable to utility pole plant are already established and that publicly available accounts reflecting total annual pole costs are filed by utilities with various regulatory agencies with rate-making jurisdiction over their activities.'"); *Amendment of Rules and Policies Governing the Attachment of Cable Television Hardware*, CC Docket No. 86-212, Report and Order, 2 FCC Rcd 4387, ¶3 (1987); *Amendment of Rules and Policies Governing Pole Attachments*, CS Docket Nos. 97-98 and 97-151, Consol. Partial Order on Recon., 16 FCC Rcd 12103, 12199, ¶ 25 (2001) (*Consol. Partial Order on Recon.*) (quoting language from the 1977 Senate Report at 21, cited in footnote 122: "For more than two decades, the pole attachment formula has provided a stable and certain regulatory framework, which may be applied 'simply and expeditiously' requiring 'a minimum of staff, paperwork and procedures consistent with fair and efficient regulation.'").

[8] *2011 Order*, 26 FCC Rcd at 5298-99, ¶ 136.

[9] *Comprehensive Review of the Accounting Requirements and ARMIS Reporting Requirements for Incumbent Local Exchange Carriers: Phase 1*, CC Docket No. 99-253, Notice of Proposed Rulemaking, 14 FCC Rcd 16584, 16588, ¶ 9 (1999) (proposing, in the event that the Section 32.5999(f) expense matrix is eliminated, to require carriers to keep subsidiary records of data needed for pole attachment formulas in order "to assure that the data is publicly available, uniformly maintained among the carriers, and maintained in a manner that can be audited"); *2000 Biennial Regulatory Review -- Comprehensive Review of the Accounting Requirements and ARMIS Reporting Requirements for Incumbent Local Exchange Carriers: Phase 2*, CC Docket Nos. 00-199 *et al.*, Report and Order, 16 FCC Rcd 19911, 19928 and 19931, ¶¶ 44 and 48 (2001) (*Phase 2 Order*) (retaining Class A accounts, as opposed to adopting Class B accounts, in part, because "[r]eliance on publicly available

rejected numerous attempts to raise costs to a "market" or "forward-looking" valuation or to compute costs using incremental costing techniques or "loading" calculations, any of which would have removed the key pole metrics from ready availability and easy application.[10]

B. Without Access to Publicly Reported Pole Cost Data, Attacher Complaints Would Have Overwhelmed Commission Resources

Under current pole attachment procedures, attaching parties request specific pole cost data and underlying calculations from the pole owner to verify that a proposed rate is just and reasonable.[11] Attachers are also able to download the relevant Part 32 data from Commission reports without requesting it from the Commission or the carrier. Because each element of the

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information has allowed pole owners and attaching parties to resolve rate issues without Commission involvement, which is a cost-savings benefit to utilities, cable operators, other attaching parties, and the Commission."); *Revision of ARMIS Annual Summary Report*, CC Docket No. 86-182, Order, 17 FCC Rcd 25421, 25423, ¶ 5 (Ind. Analysis & Technology Division, 2002) (adding Table III to ARMIS Report 43-01 to ensure "that all Class A carriers, including mid-sized carriers, file sufficient pole attachment data in a consistent manner."); *Petition of Qwest Corporation for Forbearance from Enforcement of the Commission's ARMIS and 492A Reporting Requirements Pursuant to 47 U.S.C. § 160(c)*, WC Docket Nos. 07-204 and 07-273, Memorandum Opinion and Order, 23 FCC Rcd 18483, 18490-91, ¶¶ 13-14 (2008) (granting forbearance to carriers on the condition that the carriers continue to publicly file, on an annual basis and without any assertions of confidentiality, pole attachment cost data filed as part of ARMIS Report 43-01); *USTelecom Forbearance Order*, 28 FCC Rcd at 7657-60, ¶¶ 61-65 (requiring price cap carriers to continue complying with the Part 32 Uniform System of Accounts rules, and to provide Part 32 data on request by the Commission for use in rulemakings, adjudications, or for other regulatory purposes, and explaining that "[w]ithout ongoing access to the data derived from Part 32 accounts, neither the Commission nor interested parties could ascertain or verify that pole attachment rates based on the Commission's rate formula reflect actual costs, or that these calculations produce just and reasonable rates in accordance with our rules"); *Revision of ARMIS Annual Summary Report*, CC Docket No. 86-182, Order, 29 FCC Rcd 11436, 11437-38, ¶¶ 4, 5 n.8 (Ind. Analysis & Technology Division, 2014) (requiring carriers to file pole attachment ARMIS data in a single docket (CC Docket No. 86-182) in order to "facilitate public access to the data"). The Commission has likewise assured the availability of this data even as it transitioned from Form M, from Part 31 to Part 32, to ARMIS 43-01 Table III, and to electronic submission of Pole Attachment Data required as a condition of forbearance from the full ARMIS Report 43-01 filing requirement using the Commission's Electronic Comment Filing System.

[10] *See, e.g.*, *Alabama Power Co. v. FCC*, 311 F.3d 1357 (11th Cir. 2002); *Amendment of Rules and Policies Governing Pole Attachments*, CS Docket No. 97-98, Report and Order, 15 FCC Rcd 6453, 6460-61, ¶¶ 9-10 (2000); *2011 Order*, 26 FCC Rcd at 5322, ¶ 185 n.571; *Teleprompter Corp. v. South Central Bell Tel. Co.*, 49 R.R.2d 1306 (1981).

[11] *See* 47 C.F.R. § 1.1404(j) (information and data required to be provided by the utility to the attaching party upon reasonable request) and § 1.1404(h)(2) (calculations made in connection with these figures should be provided to the complainant); *see also Amendment of Rules and Policies Governing the Attachment of Cable Television Hardware to Utility Poles*, CC Docket No. 86-212, Report and Order, 2 FCC Rcd 4387 (1987).

formula has been tried, tested and refined over decades, controversies and the administrative burdens are significantly reduced for all stakeholders, including pole owners. As the Commission has explained, "[r]eliance on publicly available information has allowed pole owners and attaching parties to resolve rate issues without Commission involvement, which is a cost-savings benefit to utilities, cable operators, other attaching parties, and the Commission."[12]

There are approximately 20 million telephone-owned poles for which rates are calculated using the Commission formulas.[13] In 2015 alone, ILECs filed ARMIS pole attachment data for 96 separate service areas.[14] Pole attachment rates are updated annually using this prior year cost data, and rates may be reviewed and adjusted for multiple years, consistent with state statutes of limitations.[15] Attaching parties include cable companies, CLECs, wireless carriers, Internet service providers and distributed antenna systems.[16] The number of potential disputes grows geometrically with every deployment by every party on every pole owner and with each passing year. If this information had not been made publicly available historically, the number of formal disputes raised to the Commission would have been staggering.

Today, the critical pole-specific data has been available even to the smallest, rural attacher and all parties thus know how a particular pole attachment rate is derived and whether it

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12 *Phase 2 Order*, 16 FCC Rcd at 19931, ¶ 48.

13 Comments of National Cable & Telecommunications Association, WC Docket No. 09-154, GN Docket No. 09-51, WC Docket No. 07-245, WC Docket No. 04-36 (NCTA Comments), Appendix B: Declaration of Dr. Michael D. Pelcovits, ¶ 17, Table 2 (Sept. 24, 2009) (estimating 20,900,000 telco owned poles at the time. There are far more owned by electric utilities or jointly owned by both.).

14 ILECs that submitted this information in 2015 in CC Docket No. 86-182 included Frontier Communications Corporation, Verizon, AT&T Services, Inc., CenturyLink, Hawaiian Telcom Communications, Inc., Windstream Corporation, Telecommunications of Puerto Rico, and FairPoint Communications, Inc.

15 47 C.F.R. § 1.1410(a)(3).

16 Attaching parties also include ILECs, but their attachments of concern are on poles owned by electric utilities. The Federal Energy Regulatory Commission requires each major electric utility to provide pole-specific information in FERC Form 1 using its Uniform System of Accounts. 18 C.F.R. Part 101; 18 C.F.R. § 141.1.

meets legal constraints. Annual updates in rental calculations are routinely performed, and any accounting issues resolved privately, without the need for regulatory intervention. Rarely, a dispute must be brought to the Commission. This party-to-party regime has resulted in just and reasonable rates, encouraged broadband deployment, and helped minimize burdens on the Commission. Indeed, the *Part 32 Order* reports that current staff rarely saw any use of the Part 32 data, because the system was working without imposing burdens on Commission staff. The suggestion that carrier pole cost data is no longer necessary because there has not been "any federal reliance on the data"[17] misses the point – it was precisely because such data was available to the public and used extensively and successfully by hundreds of companies that attach facilities to ILEC poles that the Commission staff did not need to access it.

C. Numerous Certified States Rely Upon Easy Access to Federally Regulated Utility Pole Cost Information

The Commission has long recognized that this data has been essential to "compute just and reasonable pole attachment rates, a responsibility shared between the states and the Commission."[18] In adopting the Commission's pole attachment formula as the model in New York (a "certified" state), the New York Public Service Commission found that doing so met a "clear need for cooperative federalism in this and other areas of telecommunications so as to provide consumers the full benefits available from the development of competitive markets."[19]

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17 *Part 32 Order*, Statement of Chairman Ajit Pai at 1.

18 *Phase 2 Order*, 16 FCC Rcd at 19933, ¶ 51.

19 *Proceeding on Motion of the Commission to Consider Certain Pole Attachment Issues*, No. 95-C-0341, Opinion and Order Setting Pole Attachment Rates, 1997 N.Y. PUC LEXIS 364, at 6 (June 17, 1997) (*NY Opinion and Order*), *recon. denied*, 1997 N.Y. PUC LEXIS 639 (Oct. 7, 1997).

Indeed, a majority of states that have "certified" to regulate poles have decided to follow the Commission formula for calculating cable attachment rates.[20]

Several certified states rely on the public availability of the pole owner cost data used in the formula.[21] Some states reference specific ARMIS accounts in their pole rent calculation

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[20] *See Consideration of Rules Governing Joint Use of Utility Facilities and Amending Joint-Use Regulations Adopted Under 3 AAC 52.900 – 3 AAC 52.940, Order Adopting Regulations*, Order No. 4, R-00-5, 2002 Alas. PUC LEXIS 489 (Oct. 2, 2002) ("The CATV formula is reasonable and should be the default formula for calculating pole attachment rates . . . . We find that the formula provides the right balance given the significant power and control of the pole owner over its facilities."); Ark. Admin. Code § 126.03.1-1.01; *Order Instituting Rulemaking on the Commission's Own Motion into Competition for Local Exchange Service*, Decision 98-10-058, R.95-04-043, 1998 Cal. PUC LEXIS 879 (Oct. 22, 1998) (adopting the FCC cable rate for all attachments by any entity); *Petition of the United Illuminating Company for a Declaratory Ruling Regarding Availability of Cable Tariff Rate for Pole Attachments by Cable Systems Providing Telecommunications Service and Internet Access*, Final Decision, Docket No. 05-06-01, 2005 Conn. PUC Lexis 295 (Dec. 14, 2005) (upholding cost based attachment rate using FCC cable formula and refusing to adopt a higher telecommunications rate for cable attachers); *Washington Water Power v. Benewah Cable*, Order No. 19229, Case No. U-1008-206, 1984 Ida. PUC LEXIS 100 (Nov. 1, 1984) (applying the FCC cable formula); 83 Ill. Adm. Code 315.20; *The Adoption of a Standard Methodology for Establishing Rates for CATV Pole Attachments*, Case No. 251, 1982 Ky. PUC LEXIS 13 (Sept. 17, 1982) (adopting the FCC cable formula); *Review of the General Order dated March 12, 1999*, General Order, Docket No. R-26968, 2014 La. PUC LEXIS 263 (Sept. 4, 2014) (adopting the FCC cable formula); *Complaint and Request for Hearing of Cablevision of Boston Co.*, Order, Mass. D.P.U./D.T.E. 97-82 (Apr. 15, 1998); *Comcast of Mass. III, Inc. v. Peabody Municipal Light Plant*, Phase I Order, Mass. D.T.C. 14-2 (Sept. 3, 2014) (applying the FCC cable formula to municipally-owned poles); *Application of Consumer Power Company*, Case Nos. U-10741, U-10816, U-1083, 1997 Mich. PSC Lexis 26 (Feb. 11, 1997), *reh'g denied*, 1997 Mich. PSC LEXIS 119 (April 24, 1997), *aff'd*, *Detroit Edison Co. v. Mich. Pub. Serv. Comm'n*, No. 203421 (Mich. Court of Appeals, Nov. 24, 1998); *aff'd*, *Consumers Energy Co. v. Mich. Pub. Serv. Comm'n*, No. 113689 (Mich. Sup. Ct. Aug. 31, 1999) (concluding that the FCC cable formula was the most desirable and aligned pole rates in Michigan "more closely with other states that already adhere to this standard."); *Regulations of Cable Television Readoption with Amendments: N.J.A.C. 14:18*, Docket No. CX02040265 (2003) (affirming cost based rate and adopting the FCC formula); *Certain Pole Attachment Issues Which Arose in Case No. 94-C-0095*, Opinion No. 97-10, Case 95-00341, 1997 N.Y. PUC Lexis 364 (June 17, 1997) (adopting FCC approach to pole attachments rates); *Adoption of Chapter 4901:1-3, Ohio Administrative Code, Concerning Access to Poles, Ducts, Conduits, and Rights-of-Way by Public Utilities*, Final Decision, Case No. 13-579-AU-ORD, 2014 Ohio PUC LEXIS 183 (July 30, 2014) (basing the Ohio pole rate formula on the FCC cable formula); *Rulemaking to Amend and Adopt Rules in OAR 860, Divisions 024 and 028, Regarding Pole Attachment Use and Safety and Rulemaking to Amend Rules in OAR 860, Division 028 Relating to Sanctions for Attachments to Utility Poles and Facilities*, Order, AR 506/510, 2007 Ore. PUC LEXIS 115 (Apr. 10, 2007) (adopting the FCC cable formula); *Investigation into Pole Attachments*, Order, Docket No. 06-035-103, 2006 Utah PUC LEXIS 213 (Aug. 29, 2006) (adopting the FCC Cable Rate formula wholesale following a comprehensive pole attachment rulemaking); U.A.C. R746-345-5; *Proposed Revision to Public Service Board Rule 3.700 at 6; Adopting Chapter 480-54 WAC Relating to Attachment to Transmission Facilities*, Order Adopting Rules Permanently, General Order R-582, Docket 140-621, 2015 Wash. UTC LEXIS 824 (Oct. 12, 2015) (adopting the FCC cable formula).

[21] *See, e.g.*, UAC § R746-345-5.A (Under Utah Administrative Code, "[a] pole attachment rental rate shall be based on publicly filed data and must conform to the Federal Communications Commission's rules and regulations governing pole attachments, except as modified by this Section.").

instructions, and/or direct carriers to use Part 32 cost data to calculate pole rents.[22] Attaching parties and ILECs alike have advocated for certified states to use ARMIS data in calculating pole rents.[23]

II. THE COMMISSION SHOULD RECONSIDER THE ORDER BECAUSE IT FAILS TO PROVIDE THE NECESSARY PROCEDURAL PROTECTIONS TO ENSURE THAT TELEPHONE COMPANIES CHARGE REASONABLE RATES FOR POLE ATTACHMENTS

The *Part 32 Order* concluded that Part 32 Uniform System of Account (USOA) accounting data was no longer necessary for the development of pole attachment rates, but offered no meaningful discussion of the procedures that form the foundation of the Commission's pole attachment regime.[24] As explained below, in order to ensure that pole attachment rates remain reasonable during the transition to GAAP accounting, the Commission

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[22] *See e.g. Revisions to the Pole Attachment Rules of the Arkansas Public Service Commission*, Arkansas PSC Docket No. 15-019-R, Appendix A: Pole Attachment Rate Formula and Conduit Rate Formula (Nov. 21, 2016) at 1, 3 (restating FCC pole attachment and conduit rate formulas, and referencing Part 32 and including specific Part 32 accounts) (codified at Ark. Admin. Code § 126.03.1-1.01); UAC § R746-345-5.A (under Utah Administrative Code, "[a] pole attachment rental rate shall be based on publicly filed data and must conform to the Federal Communications Commission's rules and regulations governing pole attachments, except as modified by this Section."); Ill. Admin. Code tit. 83, § 315.20 (under Illinois Administrative Code, cost per pole calculation "shall be the regulated entity's book investment in all bare distribution poles included in the [] telecommunications carrier Account 2411"); *Review of the General Order dated March 12, 1999 (Pole Attachments*), Louisiana Public Service Commission Docket No. R-26968, General Order at 23-24 (Sept. 4, 2014) ("The revenue requirement for pole attachments in Louisiana is designed to use available data – (1) FERC Form 1 data for investor owned utilities (2) the RUS USoA for not-for-profit Electrical Cooperatives or (3) FCC 47 C.F.R. ch.1 Part 32 (2009), Uniform System of Accounts for Telecommunication Companies (Incumbent Local Exchange Carriers ('ILECs')."); Ohio PUCO Rule 4901:1-3-04(D)(2) and (3) (stating that the "commission will apply the formula set forth in 47 C.F.R. 1.1409" in order to determine a reasonable rate for pole attachment and conduit occupancy).

[23] *See Oregon Public Utility Commission, Rulemaking to Amend and Adopt Rules in OAR 860, Divisions 024 and 028, Regarding Pole Attachment Use and Safety (AR 506) and Rulemaking to Amend Rules in OAR 860, Division 028 Relating to Sanctions for Attachments to Utility Poles and Facilities (AR 510)*, Order at 11 (Apr. 10, 2007) ("Verizon proposes that the carrying charge be based on FCC ARMIS accounts or FERC Form 1 accounts, because information regarding those accounts is also publicly available. *See* AR 506 Verizon Comment, 5, 8 (Nov. 17, 2006).").

[24] *Part 32 Order*, 32 FCC Rcd at 1746, ¶ 34.

must take steps so that attachers continue to have access to the accounting data that they have relied upon for decades.

A. The Commission Should Clarify that Attachers Continue to Enjoy Pre-Complaint Discovery Rights to Obtain Essential Disaggregated Pole Cost Data

In order to ensure that its Part 32 accounting relief does not undermine the Commission's pole attachment rate regime, the Commission should reaffirm that attachers still enjoy the same pre-complaint discovery rights that exist under the current pole attachment rules.[25] In responding to such discovery, carriers must (1) provide disaggregated pole cost data and include any underlying allocations and calculations for the cost data and pole attachment rate calculation; and (2) not require confidential treatment. As the Commission explained in its recent *Wireline Infrastructure NPRM*, increasing transparency of rates and cost information could lead to more efficient pole attachment negotiations.[26] As the Commission has recognized in other contexts, "allowing confidential submission necessarily decreases the amount of information publicly available to facilitate public participation in the regulatory process,"[27] and "extensive reliance on

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[25] *See* 47 C.F.R. § 1.1404(j) ("A utility must supply a cable television operator or telecommunications carrier the information required in paragraph (g), (h) or (i) of this section, as applicable, along with the supporting pages from its ARMIS, FERC Form 1, or other report to regulatory body, within 30 days of the request by the cable television operator or telecommunications carrier.") *and* § 1.1404(h)(2) (calculations made in connection with these figures should be provided to the complainant); *see also Amendment of Rules and Policies Governing the Attachment of Cable Television Hardware to Utility Poles*, CC Docket No. 86-212, Report and Order, 2 FCC Rcd 4387 (1987). Section 1.1406(b) of the Commission's rules states that "[t]he complaint shall not be dismissed if the information is not available from public records or from the respondent utility after reasonable request." Allowing telephone carriers to opt out of Part 32 accounting will create a situation without a procedural path forward where a complaint will neither be dismissed nor will it go forward without the requisite accounting data.

[26] *Wireline Infrastructure NPRM*, FCC 17-37 at ¶¶ 27, 30.

[27] *Examination of Current Policy Concerning the Treatment of Confidential Info. Submitted to the Commission*, GC Docket No. 96-55, 11 FCC Rcd 12406, 12422-23, ¶ 31 (1996).

protective orders may also impose burdens on the public and the Commission."[28] The underlying allocations and calculations made in connection with these figures are particularly critical to rate discipline given repeal of the accounting instructions that previously informed such allocations.

In relieving the carriers' filing burdens, the Commission has increased the burdens on attachers, which, like the Commission, have historically relied upon the public availability of ILEC pole cost data.[29] Without ready access to Part 32 account data, attachers will be much more likely to question whether ILEC pole attachment rates exceed maximum permitted levels and find it necessary to involve the Commission in resolving disputes. Although nothing in the *Part 32 Order* suggests that ILECs will now have special protections that immunize them from the same data requests that apply to Part 32 ILECs and electric utilities, the new rule providing for the Commission to inspect calculations on request outside of a complaint process may cause confusion. By ensuring that carriers continue to provide pole attachment accounting data and calculations made in connection with these figures directly to attaching parties upon reasonable request, the Commission will reduce the burden on its staff and the cost to attaching parties.

B. The Commission Should Require ILECs to Continue Reporting Essential Pole Cost Data Similar to That Reported Today in Form 43-01 Table III

The Commission should preserve the efficacy of its pole attachment procedures by requiring the automatic posting of pole attachment rate data by carriers, as carriers for whom the

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[28] *Id*. at 12421-22, ¶ 19.

[29] The Commission's Final Regulatory Flexibility Analysis (FRFA) fails to account for these cost increases to other parties affected by the rule change. Unless the *Part 32 Order* is reconsidered and clarified as requested by NCTA, attaching parties will incur additional expenses in collecting and providing information for use in complaint cases. Costs will increase for data requests, dispute resolution, and complaints resulting in a significant financial burden, especially for small providers.

Commission has forborne from full Part 32 filings have been required to do. This will solve three problems with the *Part 32 Order*. First, it will reduce the transactional costs for obtaining pole rent information, and help avoid deployment delays.[30] Second, it will cure a problem in the transparency provisions of the *Part 32 Order*, which could be read to permit a carrier to opt into GAAP in year four, but only provide access to rate information for years 1-3 after the rule is adopted.[31] Third, it will respect the needs of attachers and state commissions in certified states that have come to rely on the availability of this data. The *Part 32 Order* requires carriers to submit pole cost data "for a particular state,"[32] but an explicit requirement to post data for all states would clarify that this includes certified states, as has long been the case (with one aberrational year) for ILEC postings to date.

III. THE COMMISSION SHOULD RECONSIDER THE ORDER BECAUSE IT FAILS TO PROVIDE THE NECESSARY SUBSTANTIVE PROTECTIONS TO ENSURE THAT TELEPHONE COMPANIES CHARGE REASONABLE RATES FOR POLE ATTACHMENTS

Recognizing the significant role that pole attachment rates play in infrastructure investment decisions, the Commission conditioned transition to GAAP on a phase-in of any rate increase to "mitigate any disruption in pole attachment rates."[33] But the record is devoid of any analysis demonstrating how pole rate calculations will change under GAAP. Had the carriers or

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30 *See Wireline Infrastructure NPRM*, FCC 17-37 at ¶ 27.

31 The Commission should also clarify a potential ambiguity and affirm that carriers must phase in rate changes over twelve years regardless of when they opt into GAAP. Specifically, NCTA proposes a slight modification to the second sentence of revised section 1.1409(g) as follows: "A price cap company using GAAP accounting data to compute rates to attach to its poles, conduits, and rights of way in any of the first twelve years after opting-out must adjust (increase or decrease) its annually computed GAAP-based rates by an Implementation Rate Difference **each year** for ~~each of the remaining years in the period~~ **a twelve year period after opting out of Part 32**."

32 *Part 32 Order*, 32 FCC Rcd at 1747, ¶ 39.

33 *Id.* at 1746, ¶ 36.

the Commission performed these calculations, such an analysis would have revealed that additional steps are necessary to achieve the Commission's goal of avoiding significant pole rate increases and ensuring that pole rates continue to be reasonable as required under Section 224. Nor does the record include any cost-benefit analysis that accounts for the impact on attaching parties of the changes in the accounting framework that has advanced cable and broadband deployment and competition for more than 30 years.[34] As explained below, such an analysis will demonstrate that the Commission must adopt additional protections in order to ensure that pole attachment rates remain reasonable.

A. The Requirement to Use Disaggregated Cost Data Has Produced More Accurate Regulated Rates

For the last 30 years, attaching entities have been able to calculate pole attachment rates using publicly-available, consistently-derived disaggregated cost data, specific to poles, filed annually with the Commission and supplemented, if necessary, by information obtained directly from carriers through discovery. The limited GAAP accounting information that carriers have provided to the Commission uses a higher level of plant and expense aggregation. As a result, this data commingles lower pole maintenance expenses with more costly maintenance of aerial lines and underground and buried cable. It also restates plant depreciation in ways that do not account for pole costs previously recovered in advance from cable operators through pole rent, among other accounting problems. As the Commission has long recognized, "different outside

[34] The Commission has emphasized the importance of conducting a cost-benefit analysis when evaluating new rules. *Restoring Internet Freedom*, WC Docket No. 17-108, FCC 17-60 at ¶¶ 105-115 (released May 23, 2017); Remarks of FCC Chairman Ajit Pai at the Hudson Institute, the Importance of Economic Analysis at the FCC, Washington, D.C, April 5, 2017, *available at* https://www fcc.gov/document/chairman-pai-economic-analysis-communications-policy (agreeing with Cass Sunstein that "it is the duty of regulators to 'obtain a careful and objective analysis of the anticipated and actual effects of regulations, whether positive or negative. We need to look at evidence and data. We need careful assessments before rules are issued, and we need continuing scrutiny afterwards.'").

plant types typically have different operating expense factors,"[35] and thus aggregating outside plant accounts causes "distortions in the outside plant cost estimates."[36] Indeed, in responding to previous carrier requests to eliminate Part 32 Class A accounts, the Commission declined in part because certain pole-specific outside plant costs, which were not readily ascertainable from more highly aggregated Class B accounts, "are required to compute just and reasonable pole attachment rates."[37]

The Commission's cost methodology has been applied since 1978 and upheld by the Supreme Court.[38] The *Part 32 Order* states that no changes are permitted to the costs that are allowed under the formula.[39] For their part, USTelecom, AT&T and Verizon all contended that GAAP cost data could be used in the pole attachment rate formula with no alteration in pole attachment charges.[40] The Commission takes carriers at their word that "shifting accounting methods is 'not an effort to increase pole attachment rates,'" and expressed its intent to monitor pole attachment rates and hold carriers to their promise.[41] But the available data does not assure such rate stability. AT&T, Verizon and CenturyLink submitted confidential GAAP data under

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[35] *Phase 2 Order*, 16 FCC Rcd at 19933, ¶ 51 ("Plant accounts are an important indicator of a company's investments. As illustrated below, disaggregation of these accounts at the Class A level, or some similar level of accounting detail, enables regulators to determine a carrier's costs in different contexts. For example, without this level of detail, regulators would not have data readily available regarding construction of the various types of outside plant because all outside cable and wire investments for both fiber and copper cable located aerial, underground, or buried are aggregated into one account under Class B. This distinction is important due to different costs associated with installation and maintenance of the three different types of outside cable.") (footnotes omitted).

[36] *Id.* at 19929, ¶ 45.

[37] *Id.* at 19933, ¶ 51.

[38] *See Adoption of Rules for the Regulation of Cable Television Pole Attachments*, CC Docket No. 78-144, First Report and Order, 68 FCC 2d 1585, 1593-94, ¶ 25 (1978), *aff'd*, Second Report and Order, 72 FCC 2d 59, 65-66, ¶ 15 (1979); *see also FCC v. Florida Power Corp.*, 480 U.S. 245 (1987).

[39] *Part 32 Order*, 32 FCC Rcd at 1747, ¶ 38.

[40] *Id.* at 1745, ¶ 33.

[41] *Id.* at 1747, ¶ 38.

seal and claimed that the data was generally equivalent to USOA data.[42] But there is no indication whether the figures have been consistently-derived. Consistent derivation of cost inputs has long been a concern to the Commission, other regulatory authorities, and to stakeholders that seek pole attachment cost accounting data using granular, plant-specific cost inputs that can be verified, tracked across time, compared among carriers and used for determining pole rates without Commission intervention.[43] Tellingly, none of the carriers performed any pole rent rate calculations using GAAP data or comparing rate formula results using GAAP and USOA data, nor did the Commission perform such analysis.

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[42] *See* Letter from Timothy M. Boucher, Associate General Counsel, CenturyLink, to Marlene H. Dortch, Secretary, FCC, Comprehensive Review of the Part 32 Uniform System of Accounts, WC Docket No. 14-130 (Oct. 5, 2016) (redacting attachment containing accounting data); Letter from Ian Dillner, Vice President Federal and Regulatory Affairs, Verizon, to Marlene H. Dortch, Secretary, FCC, Comprehensive Review of the Part 32 Uniform System of Accounts, WC Docket No. 14-130 (Oct. 7, 2016) (submitting redacted version of financial statements); Letter from William L. Roughton, Jr., Executive Director-Senior Legal Counsel, AT&T Services, Inc., to Marlene H. Dortch, Secretary, FCC, Comprehensive Review of the Part 32 Uniform System of Accounts, WC Docket No. 14-130 (Oct. 7, 2016) (filing redacted balance sheet).

[43] *See infra* note 12; *see also USTelecom Forbearance Order*, 28 FCC Rcd 7665, ¶ 76 n.233 ("Forbearing from a discrete reporting requirement is an altogether different matter than forbearing from the requirement that carriers keep consistent, uniform accounting data."); *Financial Accounting, Reporting and Records Retention Requirements Under the Public Utility Holding Company Act of 2005*, Order No. 684, FERC Stats. & Regs. ¶ 31,229 (2006) (*FERC Order No. 684*) (rejecting utility efforts to use GAAP accounting in lieu of FERC Form No. 60) ¶ 28 ("In order to carry out its regulatory responsibilities, the Commission needs accounting information that is more 'granular,' i.e., more detailed, than what is required under GAAP. For example, reporting a single figure for total operation and maintenance expense on an income statement would satisfy GAAP requirements. However, the Commission needs information, among other things, about how much was spent on operations compared to maintenance, how much was spent on transmission compared to distribution, and what one company spent on an activity compared to another for that same activity in order to ensure, for example, just and reasonable jurisdictional rates.") and ¶ 124 ("the Commission's need for comparability and transparency of service company expenses provided by use of the 500 and 800 series of accounts would outweigh concerns about conformity with GAAP principles"). Electric utilities, which own the vast majority of poles, are governed by FERC and are required to maintain FERC Form 1 independent of whether the FCC requires it or not. 18 C.F.R. § 141.1. Thus, the rationale for eliminating carrier's second set of books by allowing a shift to GAAP does not exist for IOUs.

B. Carriers' Use of GAAP Cost Data Creates the Potential for Substantial Increases in Pole Attachment Rates

The Commission's repeal of key Part 32 accounting instructions has left unclear exactly how the Commission will ensure that there is no change in "what costs may be included" in pole rates. As summarized below and detailed in Exhibits 1 through 9, rather than maintaining pole rents at just and reasonable rates, GAAP and its higher level of aggregate reporting may produce pole rents that can escalate dramatically – even after removing an "Implementation Rate Difference." Each of the situations identified below would enable the carriers to increase their pole rates notwithstanding the absence of any increase in pole investment or any increase in the actual expense of the pole, resulting in a windfall for the carriers. And as explained below, these differences are *not* limited to the timing differences for recognizing the potential costs of disposing of retired poles or the other costs suggested by the *Part 32 Order*.

1. *Using GAAP, carriers could substantially inflate the original cost of poles and artificially reduce costs already recovered through depreciation.*

The Commission's pole attachment rate formulas calculate annual attachment rents using the original booked cost of a bare pole (i.e., the rate base) multiplied by carrying charges and allocated by the amount of space attributed to the attachments (presumptively one foot for cable attachments).[44] By shifting from Part 32 to GAAP, carriers may inflate their pole attachment rate bases far above levels reported using Part 32. For example, using GAAP accounting, AT&T's SWBT companies increase their reported net cost of plant by [redacted] percent.[45] Part

[44] The formula relies on net costs (gross investment less accumulated depreciation and accumulated deferred taxes) unless investment is negative, in which case the Commission instructs parties to use gross investment, making appropriate changes to the carrying charges. *Consol. Partial Order on Recon.*, 16 FCC Rcd at Appendices D and E.

[45] *See* Ex. 1.

32, like all traditional rate base accounting, tracks the original cost of poles when dedicated to public service, regardless of subsequent corporate acquisitions and reorganizations.[46] Part 32 also tracks how much of that original cost has previously been recovered through depreciation charges.[47] Under GAAP, AT&T *increases* its gross "original cost" of plant and also dramatically *reduces* how much of that cost has been previously recovered through depreciation.[48]

2. *Using GAAP, carriers could artificially increase pole rent carrying charges*.

By shifting from Part 32 to GAAP, carriers also could increase the carrying charges used to calculate pole rents. For example, by rolling up pole maintenance expenses from the discrete reporting required in Part 32 to the aggregate GAAP reports that include more costly maintenance of aerial lines and underground and buried cable, AT&T could increase its "Cable & Wire Facilities" maintenance expense by [redacted] percent;[49] and Verizon could increase its reported "Cable & Wire Facilities" maintenance expenses by [redacted] percent.[50] Under GAAP, AT&T's SWBT companies could increase their reported "General and Administrative Expense" for total plant by [redacted] percent above Part 32 levels.[51] Under GAAP, CenturyLink's

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46 *See* 47 C.F.R. §§ 1.1404(g)(2), 1.1404(h)(2) (pole data to be based on based on original historical cost); 47 C.F.R. § 32.2411 ("This account shall include the original cost of poles, crossarms, guys and other material used in the construction of pole lines and shall include the cost of towers when not associated with buildings."); 47 C.F.R. § 32.2000(e) (continuing property records to be maintained on the basis of original cost); 47 C.F.R. § 32.9000 (pre-rule change) ("Original cost or cost, as applied to telecommunications plant, rights of way and other intangible property, means the actual money cost of (or the current money value of any consideration other than money exchanged for) property at the time when it was first dedicated to use by a regulated telecommunications entity, whether the accounting company or by predecessors.").

47 47 C.F.R. § 32.3100 (a) ("This account shall include the accumulated depreciation associated with the investment contained in Account 2001, Telecommunications Plant in Service.").

48 *See* Ex. 1.

49 *See* Ex. 2.

50 *See* Ex. 3.

51 *See* Ex. 4.

G&A carrying charge could increase by more than [redacted] percent, and its tax carrying charge could increase by more than [redacted] percent.[52]

3. *Using GAAP, carriers could double-charge for previously recovered pole costs and reverse the trajectory of rates that have been declining to reflect recovered costs.*

By shifting from Part 32 to GAAP, carriers also charge again for pole disposal costs that cable operators (and ratepayers) have previously paid for in advance through depreciation charges. As illustrated with AT&T's publicly available cost data in Exhibit 6, SWBT's pole rate base has long been underwater.[53] Its pole investment in each of the past 5 years has been stagnant, but accumulated depreciation keeps growing and is now more than 200 percent of the original cost of its poles. Shifting to GAAP rates would double charge cable operators for these same, previously recovered costs, and even earn a positive rate of return on a pole rate base that has long been recovered. Even after removing an "Implementation Rate Difference" for 12 years, the shift from Part 32 to GAAP would reverse the trajectory of rates that have been declining to reflect recovered costs and allow GAAP rents to increase and overtake rents based on ARMIS as they stood many years ago.[54]

4. *Using GAAP could produce significant pole rent increases beyond levels addressed by the Implementation Rate Difference.*

In the final analysis, based on the only data the ILECs made available and matching previously-filed investment, depreciation, and maintenance ratios, pole rents under GAAP will still increase. According to NCTA's analysis, AT&T pole rents would increase by [redacted]

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52 *See* Ex. 5.

53 *See also* Exs. 10, 11 and 12 (showing that AT&T, Verizon and CenturyLink have depreciated and fully recovered more than their original cost of poles since before 2010).

54 *See* Ex. 7.

percent or more,[55] and Verizon's pole rents would increase by [redacted] percent or more even if there is absolutely no change in pole costs.[56] Rents could keep increasing by whatever inflationary measures each company chooses to use each year in GAAP valuations underlying those calculations. And it is fair to assume that any rent that would have decreased (which is entirely possible where depreciation outpaces new plant investment) will not be volunteered, or even reported.

No doubt, each carrier might produce an alternative calculation to these estimates, using different allocators and derivations for unreported subaccounts that are no longer reported in GAAP; but that illustrates the problem, rather than solving it. Without greater clarity on what costs are permitted, how they are to be consistently derived, and how stakeholders can obtain timely access to all underlying accounting data, allocators and derivations, the Commission will not be able to ensure that pole rents will remain just and reasonable or that the pole attachment regime will remain "readily administrable and consistent with the 'simple and expeditious' regulatory framework Congress intended."[57]

C. The Commission Should Revise its Rules to Expressly Prohibit Pole Cost Inflation Solely Related to Changes in Accounting

The Commission should provide specific direction that pole costs may not be inflated under GAAP reporting. For example, GAAP may not concern itself with the historic cost of regulated property, or conform its reporting of original cost as it has been defined for poles under Part 32. Accordingly, the Commission should instruct that its change in definition of "original

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55 *See* Ex. 8.

56 *See* Ex. 9.

57 *Consol. Partial Order on Recon.*, 16 FCC Rcd at 12119, ¶25.

cost" for carriers that remain subject to Part 32, and its invitation for electing carriers to use GAAP, does not permit carriers to "step up" pole valuation after acquisition or otherwise. Pole rules provide that "data and information shall be based upon historical or original cost methodology, insofar as possible."[58] A long series of federal and state cases have retained this principle: they have refused to reprice the asset and instead required use of the historic cost at the time when poles were first dedicated to public use by an ILEC.[59] The Commission has stated that the accounting change will "not change *what* costs may be included in pole attachment rates … only *how and when* those costs are recognized,"[60] and this specific instruction will help ensure that direction is followed.

Likewise, while GAAP may permit reporting of pole maintenance expenses within "Cable & Wire Facilities Expense," the pole rules should require carriers to track and report the much lower, specific disaggregated pole maintenance expenses following the former instructions of Part 32 – such as including only maintenance of poles, but not other plant; pole inspection, but not replacement; troubleshooting, but not testing; and excluding "rent" payments by the ILEC to a power company.[61] Such a rule is necessary to ensure compliance with the Commission's clear

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58 47 C.F.R. § 1.1404(h)(2).

59 *See Alabama Cable Telecomms. Ass'n v. Alabama Power Co*., File No. PA 00-003, 16 FCC Rcd 12209, 12223-36, ¶¶ 32-61 (2001), *review denied sub nom. Alabama Power Co. v. FCC*, 311 F.3d 1357 (11th Cir. 2002), *cert. denied, Alabama Power Co. v. FCC*, 540 U.S. 937 (2003); *see also Order Instituting Rulemaking on the Commission's Own Motion Into Competition for Local Exchange Service*, R. 95-04-043, I.95-04-044, Decision 98-10-058, 1998 Cal. PUC LEXIS 879 (Oct. 22, 1998) (rejecting PG&E's argument for replacement cost less depreciation); Section 767.5 of the California Public Utility Code also states: "The basis for computation of annual capital costs shall be historical capital costs less depreciation."); NY Opinion and Order, 1997 N.Y. PUC LEXIS 364 (rejecting TSLRIC and reproduction costs for poles).

60 *Part 32 Order*, 32 FCC Rcd at 1747, ¶ 38.

61 47 C.F.R. §§ 32.5999(b)(3), 1.1404(g)(2), 1.1404(h)(2).

statement that there will be no change in the costs that are recovered through pole attachment rates.

Similarly, where, as here, poles already have been fully depreciated,[62] the Commission should make clear that a carrier's net investment may not be restated so as to provide a positive return on (already recovered) investment, or to charge attachers again for pole disposal costs that have already been recovered in advance through depreciation charges. Indeed, this proceeding could resolve much of the risk of over-recovery by requiring, as a condition for carriers to opt out of Part 32 accounting, that carriers that have depreciated their pole costs to less than zero under Part 32 may no longer charge for recovery of investment, but only for pole expenses.[63] The Commission's recently initiated rulemaking proceeding is exploring whether pole rents for all pole owners should be set to exclude capital costs.[64] In cases where pole owners already have recovered the original cost of poles and already have charged attaching parties for anticipated costs of pole disposal, they should be required to exclude capital costs when setting pole rents under GAAP, thereby mitigating the pole rent overcharges that opting into GAAP otherwise could produce.

IV. CONCLUSION

The *Part 32 Order* permitting certain carriers to use GAAP in calculating pole attachment rates contains significant flaws that must be addressed on reconsideration. From a

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62 *See* Exs. 10, 11 and 12.

63 Ajit Pai, Chairman, FCC, Address to the CTIA Wireless Foundation Smart Cities Expo (Nov. 2, 2016) (stating that, to ensure that broadband deployment is less costly and more affordable to consumers, the Commission "will need to take a fresh look at our pole attachment rates[,]" and that the Commission "should reduce those rates by excluding capital expenses from the pole attachment formula[.]").

64 *Wireline Infrastructure NPRM*, FCC 17-37 at ¶¶ 38-43 (asking whether Commission should amend section 1.1409(c) to exclude capital costs from the upper-bound cable and telecommunications pole attachment rates so as to preclude double recovery).

process perspective, the *Part 32 Order* creates uncertainty as to whether attaching parties will have the same access to accounting data that they have had for decades. Such access is critical to the proper functioning of the pole attachment complaint process and the continued availability of this access should be clarified on reconsideration. As a substantive matter, the Commission has made assertions that GAAP "does not change *what* costs may be included in pole attachment rates," that "rates will remain steady over the long-run," and that an Implementation Rate Difference (even for 12 years) will "ensur[e] against double recovery",[65] but the *Part 32 Order* contains no analysis to support those statements. As NCTA has demonstrated in this petition, unless the Commission adopts additional protections, pole attachment rates will likely increase substantially, in direct contravention of the requirements of Section 224 and the broadband policy goals established by the Commission. For the foregoing reasons, NCTA respectfully requests that the Commission reconsider, revise and clarify its *Part 32 Order* as set forth above.

[65] *Part 32 Order*, 32 FCC Rcd at 1746-47, ¶¶ 36, 38.

Respectfully submitted,

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Exhibit 4

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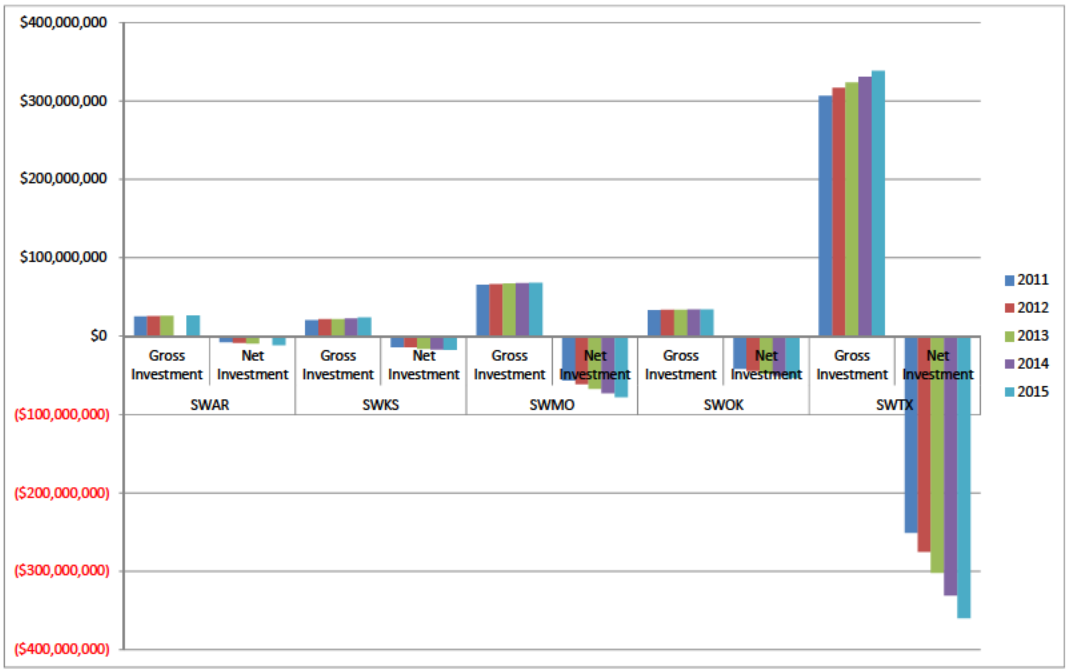
ILEC depreciation practices have gone far beyond anticipating the costs of pole disposal.

Pole investment in each of the past 5 years has been stagnant across SWB, but accumulated depreciation keeps growing and at $1,010,639,000 is now more than 200% of the original cost of poles ($492,077,000).

When the FCC last considered the costs for SWB to dispose of poles in the 1990s, it set a depreciation rate based on substantial negative net salvage (for example, -155% for Texas).

Source: The Prescription of Revised Percentages of Depreciation Pursuant to the Communications Act of 1934, 14 FCC Rcd 2035 (1999); The Prescription of Revised Percentages of Depreciation Pursuant to the Communications Act of 1934, 8 FCC Rcd 816 (1993).



Cable operators have more than paid in advance through pole rents for pole disposal costs that been charged through depreciation rates even if actual retirements and disposal have not kept pace.

		Part 32 ARMIS						Source
AT&T		SWAR	SWKS	SWMO	SWOK	SWTX	Sum	
2015	Total Gross Investment in Pole Plant	$26,693,000	$24,147,000	$68,347,000	$34,303,000	$338,587,000	$492,077,000	Dkt 86-182
2015	Accumulated Depreciation (Poles)	$37,939,000	$41,014,000	$145,679,000	$87,757,000	$698,250,000	$1,010,639,000	Dkt 86-182
2015	Net Investment in Pole Plant	($11,246,000)	($16,867,000)	($77,332,000)	($53,454,000)	($359,663,000)	($518,562,000)	Dkt 86-182
2014	Total Gross Investment in Pole Plant	NA	$22,652,000	$67,869,000	$34,194,000	$331,210,000		Dkt 86-182
2014	Accumulated Depreciation (Poles)	NA	$39,460,000	$140,229,000	$84,700,000	$661,761,000		Dkt 86-182
2014	Net Investment in Pole Plant		($16,808,000)	($72,360,000)	($50,506,000)	($330,551,000)		Dkt 86-182
2013	Total Gross Investment in Pole Plant	$26,252,000	$21,884,000	$67,422,000	$33,922,000	$323,784,000	$473,264,000	Dkt 86-182
2013	Accumulated Depreciation (Poles)	$35,601,000	$37,856,000	$134,116,000	$81,581,000	$625,210,000	$914,364,000	Dkt 86-182
2013	Net Investment in Pole Plant	($9,349,000)	($15,972,000)	($66,694,000)	($47,659,000)	($301,426,000)	($441,100,000)	Dkt 86-182
2012	Total Gross Investment in Pole Plant	$25,884,000	$21,565,000	$66,572,000	$33,788,000	$316,778,000	$464,587,000	Dkt 86-182
2012	Accumulated Depreciation (Poles)	$34,296,000	$35,536,000	$127,678,000	$77,815,000	$591,721,000	$867,046,000	Dkt 86-182
2012	Net Investment in Pole Plant	($8,412,000)	($13,971,000)	($61,106,000)	($44,027,000)	($274,943,000)	($402,459,000)	Dkt 86-182
2011	Total Gross Investment in Pole Plant	$25,480,000	$20,692,000	$65,844,000	$33,460,000	$306,862,000	$452,338,000	Dkt 86-182
2011	Accumulated Depreciation (Poles)	$33,259,000	$34,286,000	$122,069,000	$74,998,000	$557,586,000	$822,198,000	Dkt 86-182
2011	Net Investment in Pole Plant	($7,779,000)	($13,594,000)	($56,225,000)	($41,538,000)	($250,724,000)	($369,860,000)	Dkt 86-182

Exhibit 7

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Exhibit 7

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Exhibit 8

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Exhibit 10
AT&T Accumulated Depreciation

AT&T has been fully depreciated since before 2010. It has depreciated over $840 million more than its $3.6 billion in original cost by year end 2015.

Year End	Description	Total
2015	Gross Investment - Poles - Account 2411	$ 3,645,598
	Accumulated Depreciation - Poles - Account 3100 (2411)	
	Net Pole Investment	$ (845,627)

Year End	Description	Total
2014	Gross Investment - Poles - Account 2411	$ 1,699,309
	Accumulated Depreciation - Poles - Account 3100 (2411)	
	Net Pole Investment	$ (362,732)

(Incomplete data in 2014)

Year End	Description	Total
2013	Gross Investment Poles Account 2411	$ 3,748,792
	Accumulated Depreciation Poles Account 3100 (2411)	
	Net Pole Investment	$ (618,491)

Year End	Description	Total
2012	Gross Investment Poles Account 2411	$ 3,590,657
	Accumulated Depreciation Poles Account 3100 (2411)	
	Net Pole Investment	$ (510,578)

Year End	Description	Total
2011	Gross Investment - Poles - Account 2411	$ 3,485,600
	Accumulated Depreciation - Poles - Account 3100 (2411)	
	Net Pole Investment	$ (431,584)

Year End	Description	Total
2010	Gross Investment - Poles - Account 2411	$ 3,396,317
	Accumulated Depreciation - Poles - Account 3100 (2411)	
	Net Pole Investment	$ (417,997)

Year End	Description	AL	AR	CA	CT	FL	GA	IL	IN	KS	KY	LA
2015	Gross Investment - Poles - Account 2411	$ 210,859	$ 26,693	$ 1,130,639		$ 240,273	$ 189,214	$ 173,856	$ 89,665	$ 24,147	$ 157,505	$ 129,215
	Accumulated Depreciation - Poles - Account 3100 (2411)	$ 148,688	$ 37,939	$ 1,490,253		$ 233,416	$ 203,627	$ 145,042	$ 93,950	$ 41,014	$ 145,081	$ 127,153
	Net Pole Investment	$ 62,171	$ (11,246)	$ (359,614)		$ 6,857	$ (14,413)	$ 28,814	$ (4,285)	$ (16,867)	$ 12,424	$ 2,062

Year End	Description	AL	AR	CA	CT	FL	GA	IL	IN	KS	KY	LA
2014	Gross Investment - Poles - Account 2411	$ 207,269				$ 236,748	$ 184,692		$ 87,231	$ 22,652		
	Accumulated Depreciation - Poles - Account 3100 (2411)	$ 142,103				$ 220,913	$ 194,180		$ 90,478	$ 39,460		
	Net Pole Investment	$ 65,166				$ 15,835	$ (9,488)		$ (3,247)	$ (16,808)		

Year End	Description	AL	AR	CA	CT	FL	GA	IL	IN	KS	KY	LA
2013	Gross Investment Poles Account 2411	$ 202,200	$ 26,252	$ 1,093,286	$ 244,493	$ 234,530	$ 181,692	$ 162,532	$ 84,332	$ 21,884	$ 150,494	$ 125,210
	Accumulated Depreciation Poles Account 3100 (2411)	$ 135,629	$ 35,601	$ 1,430,618	$ 196,021	$ 209,183	$ 184,090	$ 137,124	$ 87,107	$ 37,856	$ 133,454	$ 116,400
	Net Pole Investment	$ 66,571	$ (9,349)	$ (337,332)	$ 48,472	$ 25,347	$ (2,398)	$ 25,408	$ (2,775)	$ (15,972)	$ 17,040	$ 8,810

Year End	Description	AL	AR	CA	CT	FL	GA	IL	IN	KS	KY	LA
2012	Gross Investment Poles Account 2411	$ 198,677	$ 25,884	$ 986,237	$ 237,043	$ 234,907	$ 179,311	$ 157,459	$ 82,101	$ 21,565	$ 148,250	$ 122,410
	Accumulated Depreciation Poles Account 3100 (2411)	$ 128,943	$ 34,296	$ 1,295,859	$ 189,240	$ 201,414	$ 174,489	$ 133,958	$ 83,850	$ 35,536	$ 127,917	$ 111,672
	Net Pole Investment	$ 69,734	$ (8,412)	$ (309,622)	$ 47,803	$ 33,493	$ 4,822	$ 23,501	$ (1,749)	$ (13,971)	$ 20,333	$ 10,738

Year End	Description	AL	AR	CA	CT	FL	GA	IL	IN	KS	KY	LA
2011	Gross Investment - Poles - Account 2411	$ 195,334	$ 25,480	$ 944,194	$ 227,342	$ 227,676	$ 177,917	$ 151,078	$ 79,772	$ 20,692	$ 146,001	$ 119,799
	Accumulated Depreciation - Poles - Account 3100 (2411)	$ 124,888	$ 33,259	$ 1,233,103	$ 184,535	$ 188,922	$ 165,819	$ 131,956	$ 80,726	$ 34,286	$ 122,718	$ 107,110
	Net Pole Investment	$ 70,446	$ (7,779)	$ (288,909)	$ 42,807	$ 38,754	$ 12,098	$ 19,122	$ (954)	$ (13,594)	$ 23,283	$ 12,689

Year End	Description	AL	AR	CA	CT	FL	GA	IL	IN	KS	KY	LA
2010	Gross Investment - Poles - Account 2411	$ 189,995	$ 25,165	$ 918,259	$ 218,954	$ 220,530	$ 176,168	$ 146,476	$ 77,198	$ 20,230	$ 143,522	$ 117,933
	Accumulated Depreciation - Poles - Account 3100 (2411)	$ 120,514	$ 32,218	$ 1,175,029	$ 177,774	$ 180,100	$ 157,854	$ 128,897	$ 150,184	$ 33,052	$ 118,099	$ 102,542
	Net Pole Investment	$ 69,481	$ (7,053)	$ (256,770)	$ 41,180	$ 40,430	$ 18,314	$ 17,579	$ (72,986)	$ (12,822)	$ 25,423	$ 15,391

Year End	Description	MI	MS	MO	NV	NC	OH	OK	SC	TN	TX	WI
2015	Gross Investment - Poles - Account 2411	$ 104,871	$ 110,561	$ 68,347	$ 21,045	$ 105,297	$ 188,408	$ 34,303	$ 41,409	$ 210,010	$ 338,587	$ 50,694
	Accumulated Depreciation - Poles - Account 3100 (2411)	$ 122,744	$ 125,405	$ 145,679	$ 17,292	$ 101,172	$ 260,580	$ 87,757	$ 45,707	$ 165,790	$ 698,250	$ 54,686
	Net Pole Investment	$ (17,873)	$ (14,844)	$ (77,332)	$ 3,753	$ 4,125	$ (72,172)	$ (53,454)	$ (4,298)	$ 44,220	$ (359,663)	$ (3,992)

Year End	Description	MI	MS	MO	NV	NC	OH	OK	SC	TN	TX	WI
2014	Gross Investment - Poles - Account 2411		$ 108,938	$ 67,869	$ 20,489	$ 101,948		$ 34,194	$ 40,650	$ 205,823	$ 331,210	$ 49,596
	Accumulated Depreciation - Poles - Account 3100 (2411)		$ 120,116	$ 140,229	$ 17,228	$ 97,599		$ 84,700	$ 43,653	$ 157,208	$ 661,761	$ 52,413
	Net Pole Investment		$ (11,178)	$ (72,360)	$ 3,261	$ 4,349		$ (50,506)	$ (3,003)	$ 48,615	$ (330,551)	$ (2,817)

Year End	Description	MI	MS	MO	NV	NC	OH	OK	SC	TN	TX	WI
2013	Gross Investment Poles Account 2411	$ 99,526	$ 107,539	$ 67,422	$ 20,147	$ 99,092	$ 179,857	$ 33,922	$ 39,915	$ 202,037	$ 323,784	$ 48,646
	Accumulated Depreciation Poles Account 3100 (2411)	$ 113,765	$ 115,225	$ 134,116	$ 16,842	$ 93,555	$ 242,351	$ 81,581	$ 41,757	$ 149,608	$ 625,210	$ 50,190
	Net Pole Investment	$ (14,239)	$ (7,686)	$ (66,694)	$ 3,305	$ 5,537	$ (62,494)	$ (47,659)	$ (1,842)	$ 52,429	$ (301,426)	$ (1,544)

Year End	Description	MI	MS	MO	NV	NC	OH	OK	SC	TN	TX	WI
2012	Gross Investment Poles Account 2411	$ 96,916	$ 106,277	$ 66,572	$ 19,896	$ 96,980	$ 174,932	$ 33,788	$ 39,342	$ 197,939	$ 316,778	$ 47,393
	Accumulated Depreciation Poles Account 3100 (2411)	$ 109,352	$ 109,882	$ 127,678	$ 16,480	$ 89,485	$ 232,528	$ 77,815	$ 39,932	$ 141,304	$ 591,721	$ 47,884
	Net Pole Investment	$ (12,436)	$ (3,605)	$ (61,106)	$ 3,416	$ 7,495	$ (57,596)	$ (44,027)	$ (590)	$ 56,635	$ (274,943)	$ (491)

Year End	Description	MI	MS	MO	NV	NC	OH	OK	SC	TN	TX	WI
2011	Gross Investment - Poles - Account 2411	$ 94,338	$ 105,392	$ 65,844	$ 19,356	$ 94,978	$ 170,297	$ 33,460	$ 38,519	$ 194,797	$ 306,862	$ 46,472
	Accumulated Depreciation - Poles - Account 3100 (2411)	$ 105,051	$ 105,148	$ 122,069	$ 16,192	$ 85,615	$ 224,791	$ 74,998	$ 38,209	$ 134,025	$ 557,586	$ 46,178
	Net Pole Investment	$ (10,713)	$ 244	$ (56,225)	$ 3,164	$ 9,363	$ (54,494)	$ (41,538)	$ 310	$ 60,772	$ (250,724)	$ 294

Year End	Description	MI	MS	MO	NV	NC	OH	OK	SC	TN	TX	WI
2010	Gross Investment - Poles - Account 2411	$ 90,872	$ 104,831	$ 65,053	$ 18,883	$ 93,874	$ 165,241	$ 33,158	$ 37,896	$ 190,174	$ 297,307	$ 44,598
	Accumulated Depreciation - Poles - Account 3100 (2411)	$ 101,234	$ 100,415	$ 116,683	$ 15,967	$ 82,109	$ 215,699	$ 72,023	$ 36,442	$ 127,958	$ 525,213	$ 44,308
	Net Pole Investment	$ (10,362)	$ 4,416	$ (51,630)	$ 2,916	$ 11,765	$ (50,458)	$ (38,865)	$ 1,454	$ 62,216	$ (227,906)	$ 290

Verizon has been fully depreciated since 2011. It has depreciated $490 million more than its $2.9 billion in original cost by year end 2015.

Year End	Description	Total
2015	Gross Investment - Poles - Account 2411	$ 2,923,863
	Accumulated Depreciation - Poles - Account 3100 (2411)	
	Net Pole Investment	$ (489,524)

Year End	Description	Total
2014	Gross Investment - Poles - Account 2411	$ 2,876,843
	Accumulated Depreciation - Poles - Account 3100 (2411)	
	Net Pole Investment	$ (315,932)

Year End	Description	Total
2013	Gross Investment - Poles - Account 2411	$ 2,829,292
	Accumulated Depreciation - Poles - Account 3100 (2411)	
	Net Pole Investment	$ (189,911)

Year End	Description	Total
2012	Gross Investment - Poles - Account 2411	$ 2,771,908
	Accumulated Depreciation - Poles - Account 3100 (2411)	
	Net Pole Investment	$ (69,796)

Year End	Description	Total
2011	Gross Investment - Poles - Account 2411	$ 2,686,789
	Accumulated Depreciation - Poles - Account 3100 (2411)	
	Net Pole Investment	$ (5,915)

Year End	Description	Total
2010	Gross Investment - Poles - Account 2411	$ 2,623,589
	Accumulated Depreciation - Poles - Account 3100 (2411)	
	Net Pole Investment	$ 77,813

Year End	Description	CA - Contel	CA - GTE	DC	DE	FL	MD	MA	NJ	NY
2015	Gross Investment - Poles - Account 2411	$ 39,417	$ 287,837	$ 7,547	$ 17,769	$ 36,912	$ 140,792	$ 526,819	$ 226,722	$ 812,437
	Accumulated Depreciation - Poles - Account 3100 (2411)	$ 55,114	$ 404,588	$ 9,112	$ 17,481	$ 48,100	$ 186,821	$ 494,129	$ 308,766	$ 876,198
	Net Pole Investment	$ (15,697)	$ (116,751)	$ (1,565)	$ 288	$ (11,188)	$ (46,029)	$ 32,690	$ (82,044)	$ (63,761)

Year End	Description	CA - Contel	CA - GTE	DC	DE	FL	MD	MA	NJ	NY
2014	Gross Investment Poles Account 2411	$ 39,186	$ 283,591	$ 7,449	$ 16,765	$ 37,002	$ 133,869	$ 517,959	$ 222,632	$ 803,216
	Accumulated Depreciation Poles Account 3100 (2411)	$ 52,375	$ 373,803	$ 8,604	$ 16,366	$ 45,744	$ 172,504	$ 457,105	$ 294,895	$ 827,077
	Net Pole Investment	$ (13,189)	$ (90,212)	$ (1,155)	$ 399	$ (8,742)	$ (38,635)	$ 60,854	$ (72,263)	$ (23,861)

Year End	Description	CA - Contel	CA - GTE	DC	DE	FL	MD	MA	NJ	NY
2013	Gross Investment Poles Account 2411	$ 38,942	$ 268,683	$ 7,357	$ 16,266	$ 36,204	$ 129,302	$ 515,139	$ 220,237	$ 791,707
	Accumulated Depreciation Poles Account 3100 (2411)	$ 51,114	$ 343,243	$ 8,286	$ 15,329	$ 44,539	$ 164,441	$ 427,432	$ 290,732	$ 780,226
	Net Pole Investment	$ (12,172)	$ (74,560)	$ (929)	$ 937	$ (8,335)	$ (35,139)	$ 87,707	$ (70,495)	$ 11,481

Year End	Description	CA - Contel	CA - GTE	DC	DE	FL	MD	MA	NJ	NY
2012	Gross Investment Poles Account 2411	$ 38,721	$ 257,803	$ 7,188	$ 15,740	$ 36,486	$ 128,710	$ 505,723	$ 215,121	$ 775,271
	Accumulated Depreciation Poles Account 3100 (2411)	$ 49,027	$ 315,661	$ 7,868	$ 14,657	$ 43,276	$ 155,690	$ 395,315	$ 279,014	$ 731,803
	Net Pole Investment	$ (10,306)	$ (57,858)	$ (680)	$ 1,083	$ (6,790)	$ (26,980)	$ 110,408	$ (63,893)	$ 43,468

Year End	Description	CA - Contel	CA - GTE	DC	DE	FL	MD	MA	NJ	NY
2011	Gross Investment - Poles - Account 2411	$ 38,371	$ 245,121	$ 6,100	$ 14,911	$ 36,135	$ 124,476	$ 490,317	$ 208,251	$ 751,770
	Accumulated Depreciation - Poles - Account 3100 (2411)	$ 47,046	$ 289,435	$ 7,499	$ 14,163	$ 42,135	$ 147,007	$ 368,800	$ 273,722	$ 695,078
	Net Pole Investment	$ (8,675)	$ (44,314)	$ (1,399)	$ 748	$ (6,000)	$ (22,531)	$ 121,517	$ (65,471)	$ 56,692

Year End	Description	CA - Contel	CA - GTE	DC	DE	FL	MD	MA	NJ	NY
2010	Gross Investment - Poles - Account 2411	$ 39,106	$ 236,228	$ 6,027	$ 14,549	$ 35,268	$ 121,300	$ 476,221	$ 203,670	$ 732,403
	Accumulated Depreciation - Poles - Account 3100 (2411)	$ 45,936	$ 264,603	$ 7,148	$ 13,404	$ 40,269	$ 138,471	$ 347,090	$ 263,879	$ 658,757
	Net Pole Investment	$ (6,830)	$ (28,375)	$ (1,121)	$ 1,145	$ (5,001)	$ (17,171)	$ 129,131	$ (60,209)	$ 73,646

Year End	Description	PA - GTE	PA	PA - Contel	PA - Contel Quaker St.	RI	TX - Contel	TX - GTE	VA - Contel	VA - GTE	VA
2015	Gross Investment - Poles - Account 2411	$ 60,763	$ 414,965	$ 9,459	$ 13,965	$ 83,442	$ 5,838	$ 84,658	$ 30,981	$ 15,055	$ 108,485
	Accumulated Depreciation - Poles - Account 3100 (2411)	$ 48,802	$ 542,125	$ 8,504	$ 14,144	$ 106,263	$ 7,696	$ 99,140	$ 38,500	$ 17,725	$ 130,179
	Net Pole Investment	$ 11,961	$ (127,160)	$ 955	$ (179)	$ (22,821)	$ (1,858)	$ (14,482)	$ (7,519)	$ (2,670)	$ (21,694)

Year End	Description	PA GTE	PA	PA Contel	PA Contel Quaker St.	RI	TX Contel	TX GTE	VA Contel	VA GTE	VA
2014	Gross Investment Poles Account 2411	$ 59,369	$ 407,728	$ 9,418	$ 13,893	$ 82,730	$ 5,775	$ 83,796	$ 30,608	$ 14,943	$ 106,914
	Accumulated Depreciation Poles Account 3100 (2411)	$ 46,091	$ 498,864	$ 8,131	$ 13,524	$ 99,754	$ 7,013	$ 94,294	$ 36,249	$ 16,734	$ 123,648
	Net Pole Investment	$ 13,278	$ (91,136)	$ 1,287	$ 369	$ (17,024)	$ (1,238)	$ (10,498)	$ (5,641)	$ (1,791)	$ (16,734)

Year End	Description	PA GTE	PA	PA Contel	PA Contel Quaker St.	RI	TX Contel	TX GTE	VA Contel	VA GTE	VA
2013	Gross Investment Poles Account 2411	$ 58,634	$ 403,627	$ 9,106	$ 13,613	$ 82,138	$ 5,439	$ 82,486	$ 30,170	$ 14,351	$ 105,891
	Accumulated Depreciation Poles Account 3100 (2411)	$ 43,688	$ 473,420	$ 7,740	$ 12,937	$ 93,490	$ 7,061	$ 90,266	$ 34,467	$ 15,573	$ 115,219
	Net Pole Investment	$ 14,946	$ (69,793)	$ 1,366	$ 676	$ (11,352)	$ (1,622)	$ (7,780)	$ (4,297)	$ (1,222)	$ (9,328)

Year End	Description	PA GTE	PA	PA Contel	PA Contel Quaker St.	RI	TX Contel	TX GTE	VA Contel	VA GTE	VA
2012	Gross Investment Poles Account 2411	$ 57,592	$ 394,949	$ 8,993	$ 13,498	$ 80,963	$ 5,373	$ 81,375	$ 29,596	$ 14,314	$ 104,492
	Accumulated Depreciation Poles Account 3100 (2411)	$ 41,648	$ 450,504	$ 7,401	$ 12,387	$ 87,446	$ 6,877	$ 85,803	$ 32,688	$ 14,669	$ 109,970
	Net Pole Investment	$ 15,944	$ (55,555)	$ 1,592	$ 1,111	$ (6,483)	$ (1,504)	$ (4,428)	$ (3,092)	$ (355)	$ (5,478)

Year End	Description	PA - GTE	PA	PA - Contel	PA - Contel Quaker St.	RI	TX - Contel	TX - GTE	VA - Contel	VA - GTE	VA
2011	Gross Investment - Poles - Account 2411	$ 55,612	$ 385,293	$ 8,738	$ 13,236	$ 78,810	$ 5,211	$ 79,851	$ 28,780	$ 14,125	$ 101,681
	Accumulated Depreciation - Poles - Account 3100 (2411)	$ 39,793	$ 429,597	$ 7,102	$ 11,932	$ 81,733	$ 6,605	$ 81,274	$ 31,038	$ 13,772	$ 104,973
	Net Pole Investment	$ 15,819	$ (44,304)	$ 1,636	$ 1,304	$ (2,923)	$ (1,394)	$ (1,423)	$ (2,258)	$ 353	$ (3,292)

Year End	Description	PA - GTE	PA	PA - Contel	PA - Contel Quaker St.	RI	TX - Contel	TX - GTE	VA - Contel	VA - GTE	VA
2010	Gross Investment - Poles - Account 2411	$ 53,721	$ 379,493	$ 8,454	$ 12,825	$ 77,261	$ 5,070	$ 78,757	$ 28,365	$ 13,999	$ 100,872
	Accumulated Depreciation - Poles - Account 3100 (2411)	$ 38,150	$ 408,353	$ 6,832	$ 11,515	$ 76,047	$ 6,319	$ 76,807	$ 29,421	$ 12,892	$ 99,883
	Net Pole Investment	$ 15,571	$ (28,860)	$ 1,622	$ 1,310	$ 1,214	$ (1,249)	$ 1,950	$ (1,056)	$ 1,107	$ 989

CenturyLink has been fully depreciated since before 2010. It has depreciated $160 million more than its $677 million in original cost by year end 2015.

Year End	Description	Total
2015	Gross Investment Poles Account 2411	$ 677,148
	Accumulated Depreciation Poles Account 3100 (2411)	
	Net Pole Investment	$ (159 163)

Year End	Description	Total
2014	Gross nvestment Poles Account 2411	$ 638,045
	Accumulated Depreciation Poles Account 3100 (2411)	
	Net Pole Investment	$ (164,219)

Year End	Description	Total
2013	Gross nvestment Poles Account 2411	$ 606,557
	Accumulated Depreciation Poles Account 3100 (2411)	
	Net Pole Investment	$ (163 680)

Year End	Description	Total
2012	Gross nvestment Poles Account 2411	$ 287,190
	Accumulated Depreciation Poles Account 3100 (2411)	
	Net Pole Investment	$ (155,755)

Year End	Description	Total
2011	Gross Investment Poles Account 2411	$ 267,880
	Accumulated Depreciation Poles Account 3100 (2411)	
	Net Pole Investment	$ (135 673)

Year End	Description	Total
2010	Gross Investment Poles Account 2411	$ 288,884
	Accumulated Depreciation Poles Account 3100 (2411)	
	Net Pole Investment	$ (134,886)

Year End	Description	AL North	AL South	AZ	CO	FL	ID	IA	MN	MO Belle Herman	MO Southern MO	MO Southwest MO	MO Central MO
2015	Gross Investment Poles Account 2411	$ 15,315	$ 13,361	$ 64,502	$ 36,328	$ 16,199	$ 7,523	$ 15,460	$ 32,265	$ 485	$ 910	$ 11,308	$ 5,255
	Accumulated Depreciation Poles Account 3100 (2411)	$ 18,507	$ 17,652	$ 90,534	$ 55,329	$ 16,440	$ 15,101	$ 27,289	$ 46,029	$ 331	$ 962	$ 10,959	$ 5,137
	Net Pole Investment	$ (3,192)	$ (4,291)	$ (26,032)	$ (19,001)	$ (241)	$ (7,578)	$ (11,829)	$ (13,764)	$ 154	$ (52)	$ 349	$ 118

Year End	Description	AL North	AL South	AZ	CO	FL	ID	IA	MN	MO Belle Herman	MO Southern MO	MO Southwest MO	MO Central MO
2014	Gross nvestment Poles Account 2411	$ 14,904	$ 12,968	$ 62,427	$ 33,414	$ 15,703	$ 7,016	$ 13,085	$ 30,117	$ 460	$ 898	$ 10,979	$ 5,143
	Accumulated Depreciation Poles Account 3100 (2411)	$ 18,199	$ 16,893	$ 86,309	$ 53,248	$ 16,048	$ 14,326	$ 26,522	$ 44,659	$ 324	$ 949	$ 10,880	$ 5,069
	Net Pole Investment	$ (3,295)	$ (3,925)	$ (23,882)	$ (19,834)	$ (345)	$ (7,310)	$ (13,437)	$ (14,542)	$ 136	$ (51)	$ 99	$ 74

Year End	Description	AL North	AL South	AZ	CO	FL	ID	IA	MN	MO Belle Herman	MO Southern MO	MO Southwest MO	MO Central MO
2013	Gross nvestment Poles Account 2411	$ 14,176	$ 12,783	$ 59,134	$ 31,813	$ 15,294	$ 6,745	$ 12,736	$ 27,680	$ 437	$ 894	$ 10,825	$ 5,084
	Accumulated Depreciation Poles Account 3100 (2411)	$ 17,655	$ 16,095	$ 82,520	$ 51,176	$ 15,689	$ 13,741	$ 25,795	$ 43,556	$ 321	$ 945	$ 10,827	$ 5,046
	Net Pole Investment	$ (3,479)	$ (3,312)	$ (23,386)	$ (19,363)	$ (395)	$ (6,996)	$ (13,059)	$ (15,876)	$ 116	$ (51)	$ (2)	$ 38

Year End	Description	AZ	CO	ID S	ID N	ID Total	IA	MN
2012	Gross nvestment Poles Account 2411	$ 57,610	$ 30,950	$ 5,438	$ 14,707	$ 20,145	$ 803	$ 17,646
	Accumulated Depreciation Poles Account 3100 (2411)	$ 78,910	$ 49,506	$ 11,366	$ 22,942	$ 34,308	$ 1,620	$ 34,057
	Net Pole Investment	$ (21,300)	$ (18,556)	$ (5,928)	$ (8,235)	$ (14,163)	$ (817)	$ (16,411)

Year End	Description	AZ	CO	ID S	ID N	ID Total	IA	MN
2011	Gross Investment Poles Account 2411	$ 57,307	$ 30,352	$ 5,350	$ 951	$ 6,301	$ 12,307	$ 24,944
	Accumulated Depreciation Poles Account 3100 (2411)	$ 74,812	$ 47,542	$ 11,106	$ 1,822	$ 12,928	$ 24,342	$ 41,552
	Net Pole Investment	$ (17,505)	$ (17,190)	$ (5,756)	$ (871)	$ (6,627)	$ (12,035)	$ (16,608)

Year End	Description	AZ	CO	ID S	ID N	ID Total	IA	MN
2010	Gross Investment Poles Account 2411	$ 64,195	$ 34,487	$ 5,194	$ 898	$ 6,092	$ 12,089	$ 30,666
	Accumulated Depreciation Poles Account 3100 (2411)	$ 78,414	$ 50,757	$ 11,322	$ 1,826	$ 13,148	$ 23,988	$ 49,945
	Net Pole Investment	$ (14,219)	$ (16,270)	$ (6,128)	$ (928)	$ (7,056)	$ (11,899)	$ (19,279)

Year End	Description	MT	NC	NE	NM	ND	NV	OH	OR	PA	SD	TN	UT	VA Central Tel Co. of Virginia	VA United SE Virginia	WA	WY
2015	Gross Investment Poles Account 2411	$ 9,285	$ 32,432	$ 864	$ 20,506	$ 2,390	$ 7,468	$ 64,864	$ 43,110	$ 100,432	$ 3,951	$ 42,471	$ 17,522	$ 24,046	$ 23,539	$ 65,357	$ 8,365
	Accumulated Depreciation Poles Account 3100 (2411)	$ 14,052	$ 25,810	$ 1,702	$ 38,608	$ 3,271	$ 10,654	$ 80,280	$ 68,677	$ 92,781	$ 7,852	$ 35,956	$ 26,519	$ 32,011	$ 25,881	$ 67,987	$ 14,182
	Net Pole Investment	$ (4,767)	$ 6,622	$ (838)	$ (18,102)	$ (881)	$ (3,186)	$ (15,416)	$ (25,567)	$ 7,651	$ (3,901)	$ 6,515	$ (8,997)	$ (7,965)	$ (2,342)	$ (2,630)	$ (5,817)

Year End	Description	MT	NC	NE	NM	ND	NV	OH	OR	PA	SD	TN	UT	VA Central Tel Co. of Virginia	VA United SE Virginia	WA	WY
2014	Gross nvestment Poles Account 2411	$ 8,075	$ 29,306	$ 812	$ 19,005	$ 2,230	$ 7,300	$ 60,503	$ 41,440	$ 95,386	$ 3,791	$ 40,703	$ 16,221	$ 23,700	$ 22,043	$ 60,416	$ 8,035
	Accumulated Depreciation Poles Account 3100 (2411)	$ 13,266	$ 24,795	$ 1,624	$ 36,584	$ 3,215	$ 10,180	$ 77,142	$ 65,202	$ 90,046	$ 7,572	$ 34,264	$ 25,266	$ 30,574	$ 24,705	$ 64,403	$ 13,919
	Net Pole Investment	$ (5,191)	$ 4,511	$ (812)	$ (17,579)	$ (985)	$ (2,880)	$ (16,639)	$ (23,762)	$ 5,340	$ (3,781)	$ 6,439	$ (9,045)	$ (6,874)	$ (2,662)	$ (3,987)	$ (5,884)

Year End	Description	MT	NC	NE	NM	ND	NV	OH	OR	PA	SD	TN	UT	VA Central Tel Co. of Virginia	VA United SE Virginia	WA	WY
2013	Gross nvestment Poles Account 2411	$ 7,219	$ 27,817	$ 802	$ 18,266	$ 2,107	$ 7,063	$ 57,963	$ 39,409	$ 91,828	$ 3,688	$ 39,240	$ 15,522	$ 23,041	$ 21,351	$ 53,640	$ 7,620
	Accumulated Depreciation Poles Account 3100 (2411)	$ 12,532	$ 23,694	$ 1,618	$ 35,159	$ 3,153	$ 9,692	$ 74,142	$ 61,746	$ 87,102	$ 7,301	$ 32,725	$ 24,120	$ 29,250	$ 23,540	$ 61,097	$ 13,698
	Net Pole Investment	$ (5,313)	$ 4,123	$ (816)	$ (16,893)	$ (1,046)	$ (2,629)	$ (16,179)	$ (22,337)	$ 4,726	$ (3,613)	$ 6,515	$ (8,598)	$ (6,209)	$ (2,189)	$ (7,457)	$ (6,078)

Year End	Description	MT	NE	NM	ND	OR	SD	UT	WA	WY
2012	Gross nvestment Poles Account 2411	$ 1,069	$ 2,020	$ 12,353	$ 38,374	$ 49,445	$ 3,556	$ 25,596	$ 7,478	$ 6,958
	Accumulated Depreciation Poles Account 3100 (2411)	$ 1,948	$ 3,101	$ 25,100	$ 58,499	$ 58,388	$ 7,093	$ 42,629	$ 13,478	$ 11,984
	Net Pole Investment	$ (879)	$ (1,081)	$ (12,747)	$ (20,125)	$ (8,943)	$ (3,537)	$ (17,033)	$ (6,000)	$ (5,026)

Year End	Description	MT	NE	NM	ND	OR	SD	UT	WA	WY
2011	Gross Investment Poles Account 2411	$ 6,534	$ 809	$ 17,331	$ 1,913	$ 37,786	$ 3,448	$ 14,607	$ 47,940	$ 7,513
	Accumulated Depreciation Poles Account 3100 (2411)	$ 11,385	$ 1,619	$ 33,154	$ 3,046	$ 55,227	$ 6,872	$ 22,687	$ 55,459	$ 13,300
	Net Pole Investment	$ (4,851)	$ (810)	$ (15,823)	$ (1,133)	$ (17,441)	$ (3,424)	$ (8,080)	$ (7,519)	$ (5,787)

Year End	Description	MT	NE	NM	ND	OR	SD	UT	WA	WY
2010	Gross Investment Poles Account 2411	$ 7,435	$ 806	$ 19,507	$ 1,860	$ 39,012	$ 3,398	$ 14,317	$ 48,928	$ 8,413
	Accumulated Depreciation Poles Account 3100 (2411)	$ 12,848	$ 2,066	$ 37,189	$ 2,984	$ 53,943	$ 7,445	$ 22,109	$ 55,786	$ 15,154
	Net Pole Investment	$ (5,413)	$ (1,260)	$ (17,682)	$ (1,124)	$ (14,931)	$ (4,047)	$ (7,792)	$ (6,858)	$ (6,741)